

Message Text

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DRAFTED BY USAEC/DIP:J.A.GARRETT

APPROVED BY OES/SCI/AE:JLBLOOM

NEA/IRN:B.MORTON

USAEC/DIP:D.HOYLE

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TO AMEMBASSY TEHRAN PRIORITY

INFO USMISSION EC BRUSSELS PRIORITY

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E.O.11652:N/A

SUBJECT: URANIUM ENRICHMENT SERVICES CONTRACTS

REFS: (A) TEHRAN 9236; (B) TEHRAN 9387; (C) TEHRAN 9734;
(D) TEHRAN 9755

1. AMBASSADOR HELMS AND/OR USAEC SENIOR REP, BRUSSELS, AUTHORIZED BY THE AEC TO RENEGOTIATE AND EXECUTE FIXED-COMMITMENT URANIUM ENRICHMENT SERVICES CONTRACTS UES/IR/100 AND UES/IR/101 TO THE EXTENT OF REDUCING THE GROSS MWE RANGE FROM THE PRESENT 1200 MWE PER CONTRACT TO A LESSER MWE RANGE SO THAT THE MWE RANGE APPEARING IN THE CONTRACTS WILL BE IN ACCORDANCE WITH THE ACTUAL SIZE OF REACTOR(S) AND TO EXECUTE CONTRACTS UES/IR/102 THRU 107, PROVIDED IRAN AGREES TO SIGN ADDITIONAL CONTRACTS WITHIN THE PRINCIPLE DESCRIBED BELOW. INSCRIPTION ABOVE SIGNATURE SHOULD, HOWEVER, BE CHANGED TO READ "FOR AND ON BEHALF OF THE UNITED STATES ATOMIC ENERGY COMMISSION" IF SIGNED BY AMBASSADOR HELMS.

2. REF 9236 INDICATES IRAN TO SIGN SIX (6) ADDITIONAL CONTRACTS FOR URANIUM ENRICHMENT SERVICES. REF 9387 INDICATES IRAN TO SIGN FOUR (4) ADDITIONAL CONTRACTS.

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3. CARE SHOULD BE EXERCISED TO PERMIT ONLY ONE REACTOR TO

A CONTRACT. FURTHER, IRAN SHOULD BE REMINDED THAT, IN ACCORDANCE WITH ARTICLE IX-3. OF THE CONTRACTS, THEY

WILL BE SUBJECT TO PARTIAL TERMINATION IN THE EVENT THE RATED MWE GENERATING CAPACITY OF THE DESIGNATED FACILITY, I.E. REACTOR, IS LESS THAN THE LOWER LIMIT OF THE GROSS MWE RANGE SPECIFIED IN ARTICLE II-2(A) OF THE CONTRACT.

4. EMBASSY WILL NOTE THAT GROSS MWE IN ARTICLE II-2(A), PAGE 4 AND AMOUNT OF DOWN PAYMENT (\$3,300 TIMES NUMBER OF GROSS MWE) AND ARTICLE VIII-1 SHOULD BE SPECIFIED IN CONTRACT BEFORE EXECUTION. AMOUNT OF GROSS MWE FOR EACH CONTRACT MAY BE DETERMINED BY IRAN PROVIDED TOTAL GROSS MWE IN ALL CONTRACTS DOES NOT EXCEED 8,000 MWE.

5. UNDER PRESENT POLICY, AEC CANNOT, REPEAT CANNOT, PERMIT POSTPONEMENT OF INITIAL DELIVERY DATES AS PROPOSED IN REF 9387. AEC AGREED TO RENEGOTIATE CONTRACTS AS NOTED IN (1) ABOVE BASED ON ASSUMPTION IT MAY HAVE ERRED IN NOT EXPLAINING THE ONE REACTOR PER CONTRACT CONCEPT BUT MUST STAND FAST ON DATES OF INITIAL DELIVERY OF ENRICHED PRODUCT. IN NO INSTANCE HAS SUCH A CHANGE BEEN PERMITTED IN EXECUTED CONTRACTS, DOMESTIC OR FOREIGN.

6. ENRICHMENT CONTRACTS ARE RATHER RIGID, AND ARE NOT SUBJECT TO MUCH CHANGE. SHOULD FURTHER GUIDANCE ON THIS MATTER BE REQUIRED, PLEASE CONTACT THIS OFFICE. INGERSOLL

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